

**Report of the  
PUBLIC EMPLOYEE RETIREMENT  
ADMINISTRATION COMMISSION  
on the Examination of the  
Greenfield  
Contributory Retirement System  
For the Three Year Period  
January 1, 1999 - December 31, 2001  
PERAC 01: 09-041-15**

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November 21, 2003

The Public Employee Retirement Administration Commission has completed an examination of the **Greenfield** Retirement System pursuant to G.L. c. 32, s. 21. The examination covered the period from January 1, **1999** to December 31, **2001**. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records and management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission with the exception of those noted in the findings presented in this report.

In closing, I acknowledge the work of examiners Robert Madison and Harry Chadwick who conducted this examination and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,

Joseph E. Connarton  
Executive Director

## **Greenfield Retirement System**

### **EXPLANATION OF FINDINGS AND RECOMMENDATIONS**

#### **FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

1. **ACCOUNTING.** Fixed Income Securities in the State Street Certified Listing of Assets do not match the assets in the Annual Statement or the Trial Balance. State Street Bank notified the Greenfield Retirement Board that two issues totaling \$255,543.40 (FNMA and GNMA) were to be cancelled in December 2001 but State Street Bank never actually canceled the two issues.

**Recommendation.** Annual Statement and Trial Balance assets must match those reported in the State Street Certified Listing of Assets.

**Board Response:**

The Board reviewed the reports from State Street as of December 31, 2001 and found that two issues (FNMA and GNMA) were open trades to be announced (TBA) in the amount of \$255,543.40 and were listed as a payable on the State Street Trial Balance. Upon further review of the State Street report as of January 31, 2002, the Board found that GNMA was a failed purchase (never happened) in the amount of \$128,417.10 and FNMA was purchased and sold on January 2, 2002 in the amount of \$127,126.30. The total of \$255,543.40 was accounted for by January 2, 2002 and the State Street report and the Greenfield Retirement Board's Trial Balance matched on January 31, 2002.

Please be advised that the Annual Statement and Trial Balance Assets as of December 31<sup>st</sup> will match State Street Listed Assets in the future.

# Greenfield Retirement System

## STATEMENT OF LEDGER ASSETS AND LIABILITIES

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 1999  
AND ENDING DECEMBER 31, 2001**

<b>FOR THE PERIOD ENDING DECEMBER 31,</b>			
<b>ASSETS</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Cash	\$1,388,653	\$1,062,081	\$1,895,249
Short Term Investments	0	0	1,128,344
Fixed Income Securities (at book value)	12,006,608	11,464,495	9,924,464
Equities	10,139,761	12,233,438	15,168,128
Pooled Short Term Funds	0	0	0
Pooled Domestic Equity Funds	3,341,274	3,302,253	0
Pooled International Equity Funds	1,762,921	2,511,006	1,669,864
Pooled Real Estate Funds	1,613,511	1,600,902	0
PRIT Core Fund	1,562,517	1,657,794	1,684,420
Interest Due and Accrued	152,234	156,498	149,296
Accounts Receivable	781,375	678,019	712,973
Accounts Payable	(79,239)	(265,559)	0
<b>TOTAL</b>	<b><u>\$32,669,614</u></b>	<b><u>\$34,400,927</u></b>	<b><u>\$32,332,736</u></b>
<b>FUND BALANCES</b>			
Annuity Savings Fund	\$9,096,886	\$8,534,344	\$7,750,704
Annuity Reserve Fund	2,421,410	2,280,419	2,227,260
Pension Fund	0	0	0
Military Service Fund	4,546,295	4,772,441	4,927,075
Expense Fund	0	0	0
Pension Reserve Fund	16,605,024	18,813,723	17,427,697
<b>TOTAL</b>	<b><u>\$32,669,614</u></b>	<b><u>\$34,400,927</u></b>	<b><u>\$32,332,736</u></b>

## Greenfield Retirement System

### STATEMENT OF CHANGES IN FUND BALANCES

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 1999  
AND ENDING DECEMBER 31, 2001**

	<b>Annuity Savings Fund</b>	<b>Annuity Reserve Fund</b>	<b>Pension Fund</b>	<b>Military Service Fund</b>	<b>Expense Fund</b>	<b>Pension Reserve Fund</b>	<b>Total All Funds</b>
<b>Beginning Balance (1999)</b>							<b>\$0</b>
Receipts	1,020,481	62,502	1,678,247	0	236,254	3,031,800	<b>6,029,284</b>
Interfund Transfers							<b>0</b>
Disbursements	(344,954)	(246,709)	(1,794,896)	<u>0</u>	(236,254)	<u>0</u>	<b>(2,622,812)</b>
<b>Ending Balance (1999)</b>	<b>675,527</b>	<b>(184,207)</b>	<b>(116,648)</b>	<b>0</b>	<b>0</b>	<b>3,031,800</b>	<b>3,406,471</b>
Receipts	1,165,390	65,418	1,741,538	0	274,751	1,385,129	<b>4,632,226</b>
Interfund Transfers							<b>0</b>
Disbursements	(156,469)	(236,644)	(1,896,172)	<u>0</u>	(274,751)	<u>0</u>	<b>(2,564,036)</b>
<b>Ending Balance (2000)</b>	<b>1,684,448</b>	<b>(355,433)</b>	<b>(271,282)</b>	<b>0</b>	<b>0</b>	<b>4,416,929</b>	<b>5,474,662</b>
Receipts	1,124,837	70,044	1,782,383	0	301,649	(2,210,004)	<b>1,068,908</b>
Interfund Transfers							<b>0</b>
Disbursements	(182,359)	(307,673)	(2,008,529)	<u>0</u>	(301,649)	<u>0</u>	<b>(2,800,211)</b>
<b>Ending Balance (2001)</b>	<b><u>\$2,626,926</u></b>	<b><u>(\$593,063)</u></b>	<b><u>(\$497,429)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$2,206,925</u></b>	<b><u>\$3,743,359</u></b>

# Greenfield Retirement System

## STATEMENT OF INCOME

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 1999  
AND ENDING DECEMBER 31, 2001**

	<b>FOR THE PERIOD ENDING DECEMBER 31,</b>		
	<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>Annuity Savings Fund:</b>			
Members Deductions	\$893,487	\$840,901	\$777,006
Transfers from other Systems	54,476	159,633	62,179
Member Make Up Payments and Redeposits	19,933	4,062	22,170
Investment Income Credited to Member Accounts	<u>156,942</u>	<u>160,793</u>	<u>159,126</u>
<b>Sub Total</b>	<b><u>1,124,837</u></b>	<b><u>1,165,390</u></b>	<b><u>1,020,481</u></b>
<b>Annuity Reserve Fund:</b>			
Investment Income Credited Annuity Reserve Fund	<u>70,044</u>	<u>65,418</u>	<u>62,502</u>
<b>Pension Fund:</b>			
3 (8) (c) Reimbursements from Other Systems	48,412	48,294	49,906
Received from Commonwealth for COLA and Survivor Benefits	151,258	181,251	184,644
Pension Fund Appropriation	<u>1,582,713</u>	<u>1,511,993</u>	<u>1,443,697</u>
<b>Sub Total</b>	<b><u>1,782,383</u></b>	<b><u>1,741,538</u></b>	<b><u>1,678,247</u></b>
<b>Military Service Fund:</b>			
Contribution Received from Municipality on Account of Military Service	0	0	0
Investment Income Credited Military Service Fund	<u>0</u>	<u>0</u>	<u>0</u>
<b>Sub Total</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>Expense Fund:</b>			
Expense Fund Appropriation	0	0	0
Investment Income Credited to Expense Fund	<u>301,649</u>	<u>274,751</u>	<u>236,254</u>
<b>Sub Total</b>	<b><u>301,649</u></b>	<b><u>274,751</u></b>	<b><u>236,254</u></b>
<b>Pension Reserve Fund:</b>			
Federal Grant Reimbursement	29,427	25,422	17,828
Pension Reserve Appropriation	0	0	0
Interest Not Refunded	583	2,104	915
Excess Investment Income	<u>(2,240,013)</u>	<u>1,357,603</u>	<u>3,013,057</u>
<b>Sub Total</b>	<b><u>(2,210,004)</u></b>	<b><u>1,385,129</u></b>	<b><u>3,031,800</u></b>
<b>TOTAL RECEIPTS</b>	<b><u>\$1,068,908</u></b>	<b><u>\$4,632,226</u></b>	<b><u>\$6,029,284</u></b>

# Greenfield Retirement System

## STATEMENT OF DISBURSEMENTS

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 1999  
AND ENDING DECEMBER 31, 2001**

<b>FOR THE PERIOD ENDING DECEMBER 31,</b>			
<b>Annuity Savings Fund:</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Refunds to Members	\$82,976	\$68,881	\$88,927
Transfers to other Systems	<u>99,383</u>	<u>87,588</u>	<u>256,027</u>
<b>Sub Total</b>	<b><u>182,359</u></b>	<b><u>156,469</u></b>	<b><u>344,954</u></b>
<b>Annuity Reserve Fund:</b>			
Annuities Paid	251,538	236,644	224,854
Option B Refunds	<u>56,135</u>	<u>0</u>	<u>21,855</u>
<b>Sub Total</b>	<b><u>307,673</u></b>	<b><u>236,644</u></b>	<b><u>246,709</u></b>
<b>Pension Fund:</b>			
Pensions Paid	0	0	0
Regular Pension Payments	1,459,286	1,348,835	1,263,958
Survivorship Payments	109,372	122,203	122,299
Ordinary Disability Payments	20,981	21,552	6,847
Accidental Disability Payments	151,337	149,735	145,656
Accidental Death Payments	108,916	114,370	114,235
Section 101 Benefits	20,384	19,951	19,053
3 (8) (c) Reimbursements to Other Systems	138,254	119,526	122,848
State Reimbursable COLA's Paid	0	0	0
Chapter 389 Beneficiary Increase Paid	<u>0</u>	<u>0</u>	<u>0</u>
<b>Sub Total</b>	<b><u>2,008,529</u></b>	<b><u>1,896,172</u></b>	<b><u>1,794,896</u></b>
<b>Military Service Fund:</b>			
Return to Municipality for Members Who Withdrew Their Funds	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expense Fund:</b>			
Board Member Stipend	18,000	18,000	18,000
Salaries	56,090	53,225	50,459
Legal Expenses	150	375	1,285
Medical Expenses	0	49	10
Travel Expenses	556	1,666	4,266
Administrative Expenses	12,048	10,732	10,045
Furniture and Equipment	6,001	2,897	0
Management Fees	155,698	135,589	115,720
Custodial Fees	24,718	32,281	23,532
Consultant Fees	<u>28,389</u>	<u>19,938</u>	<u>12,938</u>
<b>Sub Total</b>	<b><u>301,649</u></b>	<b><u>274,751</u></b>	<b><u>236,254</u></b>
<b>TOTAL DISBURSEMENTS</b>	<b><u>\$2,800,211</u></b>	<b><u>\$2,564,036</u></b>	<b><u>\$2,622,812</u></b>



# Greenfield Retirement System

## INVESTMENT INCOME

**FOR THE THREE YEAR PERIOD BEGINNING JANUARY 1, 1999  
AND ENDING DECEMBER 31, 2001**

	<b>FOR THE PERIOD ENDING DECEMBER 31,</b>		
	<b>2001</b>	<b>2000</b>	<b>1999</b>
<b>Investment Income Received From:</b>			
Cash	\$68,723	\$107,518	\$89,254
Short Term Investments	0	24,290	46,656
Fixed Income	794,259	749,741	721,964
Equities	105,686	97,523	79,700
Pooled or Mutual Funds	<u>242,139</u>	<u>73,131</u>	<u>166,072</u>
Commission Recapture	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL INVESTMENT INCOME</b>	<b><u>1,210,807</u></b>	<b><u>1,052,202</u></b>	<b><u>1,103,646</u></b>
<b>Plus:</b>			
Increase in Amortization of Fixed Income Securities	0	0	7,848
Realized Gains	431,279	2,403,177	1,064,709
Unrealized Gains	1,919,874	2,998,777	4,017,831
Interest Due and Accrued on Fixed Income Securities - Current Year	<u>152,234</u>	<u>156,498</u>	<u>149,296</u>
<b>Sub Total</b>	<b><u>2,503,387</u></b>	<b><u>5,558,452</u></b>	<b><u>5,239,684</u></b>
<b>Less:</b>			
Decrease in Amortization of Fixed Income Securities	0	0	(3,869)
Paid Accrued Interest on Fixed Income Securities	(25,476)	(34,372)	(39,282)
Realized Loss	(2,248,976)	(2,472,575)	(1,456,781)
Unrealized Loss	(2,994,624)	(2,095,846)	(1,217,557)
Custodial Fees Paid	0	0	0
Consultant Fees Paid	0	0	0
Management Fees Paid	0	0	0
Board Member Stipend	0	0	0
Interest Due and Accrued on Fixed Income Securities - Prior Year	<u>(156,498)</u>	<u>(149,296)</u>	<u>(154,903)</u>
<b>Sub Total</b>	<b><u>(5,425,573)</u></b>	<b><u>(4,752,088)</u></b>	<b><u>(2,872,391)</u></b>
<b>NET INVESTMENT INCOME</b>	<b><u>(1,711,379)</u></b>	<b><u>1,858,565</u></b>	<b><u>3,470,939</u></b>
<b>Income Required:</b>			
Annuity Savings Fund	156,942	160,793	159,126
Annuity Reserve Fund	70,044	65,418	62,502
Military Service Fund	0	0	0
Expense Fund	<u>301,649</u>	<u>274,751</u>	<u>236,254</u>
<b>TOTAL INCOME REQUIRED</b>	<b><u>528,634</u></b>	<b><u>500,962</u></b>	<b><u>457,882</u></b>
Net Investment Income	<u>(1,711,379)</u>	<u>1,858,565</u>	<u>3,470,939</u>
Less: Total Income Required	<u>528,634</u>	<u>500,962</u>	<u>457,882</u>
<b>EXCESS INCOME TO THE PENSION RESERVE FUND</b>	<b><u>(2,240,013)</u></b>	<b><u>1,357,603</u></b>	<b><u>3,013,057</u></b>

## Greenfield Retirement System

### **STATEMENT OF ALLOCATION OF INVESTMENTS OWNED**

(percentages by category)

**FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

	BOOK VALUE*	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS	PERCENTAGE ALLOWED*
Cash	\$1,388,653	\$1,388,653	4.36%	100
Short Term	0	0	0.00%	100
Fixed Income	12,006,608	12,006,608	37.74%	40 - 80
Equities	10,139,761	10,139,761	31.87%	40
Pooled Short Term Funds	0	0	0.00%	
Pooled Domestic Equity Funds	3,341,274	3,341,274	10.50%	
Pooled International Equity Funds	1,762,921	1,762,921	5.54%	
Pooled Real Estate Funds	1,613,511	1,613,511	5.07%	
PRIT Cash Fund	0	0	0.00%	
PRIT Core Fund	<u>1,562,517</u>	<u>1,562,517</u>	<u>4.91%</u>	100
<b>GRAND TOTALS</b>	<b><u>\$31,815,244</u></b>	<b><u>\$31,815,244</u></b>	<b><u>100.00%</u></b>	

\* The book value differs from the market value for individually owned Fixed Income Securities which are valued at amortized cost which is the original cost of the investment plus or minus any bond discount or bond premium calculated ratably to maturity. All other investments are reflected at their quoted market value.

For the year ending December 31, **2001**, the rate of return for the investments of the **Greenfield** Retirement System was -5.05%. For the five-year period ending December 31, **2001**, the rate of return for the investments of the **Greenfield** Retirement System averaged 9.71%. For the sixteen-year period ending December 31, **2001**, since PERAC began evaluating the returns of the retirement systems, the rate of return of the investments of the **Greenfield** Retirement System was 10.39%.

# **Greenfield Retirement System**

## **SUPPLEMENTARY INVESTMENT REGULATIONS**

### **FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

The **Greenfield** Retirement System submitted the following supplementary investment regulations, which were approved by PERAC on:

April 17, 1989

(1) Real estate investments shall not exceed 2.5% of the total book value of the portfolio at the time of purchase and shall consist of real estate trusts and limited partnerships, provided that:

- (a) trust participants and limited partners do not participate in the selection of trustees or general partners and should a trust participant or limited partner be required to participate in the selection of a trustee or general partner, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action, and
- (b) such trustees or general partners retain authority in the decision making process, and
- (c) should an investment in a trust or limited partnership result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture of said trust or limited partnership is prudent.

September 30, 1993

20.04(1) United States based corporations and equities of foreign corporations.

20.07(5) Equity investments shall be made only in securities listed on a United States stock exchange, traded over the counter in the United States, or listed and traded on a foreign exchange.

October 31, 1996

20.07(9) Commingled real estate shall not exceed 10% of the total book value of the portfolio at the time of purchase provided that:

- (a) the retirement board does not participate in the selection of personnel responsible for making real estate investments and should this be required, prior to any participation by the board, the board shall consult with PERAC to determine the appropriate course of action;
- (b) such personnel retain authority in the decision making process, and
- (c) should an investment in real estate result in the direct ownership of real estate or mortgage indebtedness, such shall be permitted only until such time as divestiture is prudent.

June 12, 2000

(1) The Greenfield Retirement Board, in response to PERAC Memo #44/99, has reviewed and eliminated supplemental regulations, with the aid of consultant Segal Advisors, with regards to restrictions on the percentage of holdings of equity and fixed income securities.

The following supplemental regulations were eliminated:

(a) September 30, 1993

20.03(1) Equity investments shall not exceed 40% of the portfolio valued at market, including international equities, which shall not exceed 5% of the portfolio valued at market.

(b) October 31, 1996

20.03(1) Equity investments shall not exceed 60% of the portfolio valued at market, including international equities, which shall not exceed 15% of the portfolio valued at market.

## **Greenfield Retirement System**

### **NOTES TO FINANCIAL STATEMENTS**

**FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

#### **NOTE 1 - THE SYSTEM**

The plan is a contributory defined benefit plan covering all **Greenfield** Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

Instituted in 1937, the System is a member of the Massachusetts Contributory Retirement System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the plan is mandatory immediately upon the commencement of employment for all permanent, full-time employees.

The system provides for retirement allowance benefits up to a maximum of 80% of a member's highest three year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65 (for certain hazardous duty and public safety positions, normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 75 - 85% pension and 15 - 25% annuity.

Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Members joining the retirement system after January 1, 1979 must contribute an additional 2% on regular compensation earned at a rate in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. These deductions are deposited in the Annuity Savings Fund and earn interest at a rate determined by the Executive Director of PERAC according to statute. When a member's retirement becomes effective, his/her deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustment granted between 1981 and 1997 and any increase in other benefits imposed by state law during that period are borne by the state.

The pension portion of any retirement benefit is paid from the Pension Fund of the System. The governmental unit employing the member must annually appropriate and contribute the amount of current year pension payments as indicated on the most recent funding schedule as approved by PERAC's Actuary. Until recently, retirement systems were paying only the actual retirement

# **Greenfield Retirement System**

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

### **FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

benefits that were due each year. Systems had no statutory authorization to put aside any money for the future benefits of employees who are now working. Large unfunded liabilities resulted from operating upon this pay-as-you-go basis. In 1977, legislation authorized local governments to appropriate funds to meet future pension obligations.

In 1983, additional legislation was passed requiring the transfer of investment earnings (in excess of the amount credited to member accounts) into the Pension Reserve Fund. These initiatives have significantly reduced the rate of growth of the retirement systems' unfunded liabilities, and in some systems have actually eliminated such liability.

Administrative expenses are funded through investment income of the system.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent upon several factors including: whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veteran's status, and group classification.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. In addition, depending upon the number of years of creditable service, such employees are entitled to receive either zero (0%) percent, fifty (50%) percent, or one hundred (100%) percent of the regular interest which has accrued upon those deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

#### **NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Executive Director of Public Employee Retirement Administration Commission.

The Annuity Savings Fund is the fund in which members' contributions are deposited. Active members contribute either 5, 7, 8, or 9% of their gross regular compensation. Voluntary contributions, redeposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

## **Greenfield Retirement System**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

#### **FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

#### **NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS**

The **Greenfield** Retirement System has no supplementary membership regulations on file.

## **Greenfield Retirement System**

### **NOTES TO FINANCIAL STATEMENTS (Continued)**

#### **FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

##### **NOTE 4 - ADMINISTRATION OF THE SYSTEM**

The System is administered by a five person Board of Retirement consisting of the Town Accountant who shall be a member ex officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex officio Member: Michael A. Kociela

Appointed Member: Betty Rice

Elected Member: William L. Devino                      Term Expires: 8/7/03

Elected Member: Dennis L. Helmus                      Term Expires: 12/19/02

Appointed Member: Margaret M. Dallas                      Term Expires: 12/30/04

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board and are then submitted to the PERAC Actuary for verification prior to payment. All expenses incurred by the System must be approved by at least two members of the Board.

The following retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts as follows:

Treasurer - Custodian:	)	
Ex officio Member:	)	\$30,000,000 Fiduciary Liability
Elected Member:	)	\$1,000,000 Commercial Crime/
Appointed Member:	)	Employee Dishonesty
Staff Employee:	)	

# Greenfield Retirement System

## NOTES TO FINANCIAL STATEMENTS (Continued)

**FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

### NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by the **PERAC Actuarial Unit** as of **January 1, 2001**.

The actuarial liability for active members was	\$ 26,269,154
The actuarial liability for vested terminated members was	321,937
The actuarial liability for non-vested terminated members was	129,683
The actuarial liability for retired members was	18,502,614
The total actuarial liability was	<b>45,223,388</b>
System assets as of that date were	34,400,927
The unfunded actuarial liability was	<b>\$ 10,822,461</b>
The ratio of system's assets to total actuarial liability was	76.1%
As of that date the total covered employee payroll was	<b>\$ 11,319,477</b>

The normal cost for employees on that date was 7.70% of payroll

The normal cost for the employer was 6.70% of payroll

The principal actuarial assumptions used in the valuation are as follows:

**Investment Return:** 8.50% per annum

**Rate of Salary Increase:** 5.50% per annum

### GASB STATEMENT NO. 25, DISCLOSURE INFORMATION AS OF JANUARY 1, 2001

Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability ( b )	Unfunded AAL (UAAL) ( b-a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a % of Cov. Payroll ( (b-a)/c )
1/1/2001	34,400,927	45,223,388	10,822,461	76.1%	11,319,477	95.6%
1/1/1998	24,603,877	35,679,028	11,075,151	69.0%	8,853,923	125.1%
1/1/1996	17,850,460	27,197,437	9,346,977	65.6%	8,063,850	115.9%



## Greenfield Retirement System

### NOTES TO FINANCIAL STATEMENTS (Continued)

**FOR THE THREE YEAR PERIOD ENDING DECEMBER 31, 2001**

#### NOTE 6 - MEMBERSHIP EXHIBIT

<b>Retirement in Past Years</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Superannuation	3	18	2	2	8	8	5	8	9	8
Ordinary Disability	0	0	0	0	0	0	0	0	0	0
Accidental Disability	2	0	0	0	1	1	1	0	0	0
<b>Total Retirements</b>	<b>5</b>	<b>18</b>	<b>2</b>	<b>2</b>	<b>9</b>	<b>9</b>	<b>6</b>	<b>8</b>	<b>9</b>	<b>8</b>
Total Retirees, Beneficiaries and Survivors	183	192	190	187	185	187	189	190	190	188
<b>Total Active Members</b>	<b>450</b>	<b>427</b>	<b>424</b>	<b>433</b>	<b>425</b>	<b>398</b>	<b>426</b>	<b>421</b>	<b>452</b>	<b>442</b>
<b>Pension Payments</b>										
Superannuation	\$871,821	\$942,698	\$1,049,083	\$1,055,231	\$1,050,979	\$1,100,693	\$1,156,443	\$1,263,957	\$1,348,835	\$1,459,285
Survivor/Beneficiary Payments	115,821	108,557	107,831	111,921	108,799	113,101	123,259	122,299	122,202	109,371
Ordinary Disability	15,569	15,569	15,799	16,030	16,108	16,498	10,010	6847	21,552	20,981
Accidental Disability	44,714	97,205	86,109	76,345	83,494	130,610	121,189	145,656	149,735	151,337
Other	<u>236,110</u>	<u>180,836</u>	<u>186,286</u>	<u>192,673</u>	<u>200,375</u>	<u>226,097</u>	<u>253,271</u>	<u>133,288</u>	<u>134,321</u>	<u>129,298</u>
<b>Total Payments for Year</b>	<b><u>\$1,284,035</u></b>	<b><u>\$1,344,865</u></b>	<b><u>\$1,445,108</u></b>	<b><u>\$1,452,200</u></b>	<b><u>\$1,459,755</u></b>	<b><u>\$1,586,999</u></b>	<b><u>\$1,664,172</u></b>	<b><u>\$1,672,047</u></b>	<b><u>\$1,776,645</u></b>	<b><u>\$1,870,272</u></b>